
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 October 27, 2014

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held October 27, 2014 at the Ache Residence, 700 Birdsong Lane, Montrose, Ouray County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance

The following Directors were present and acting:

- Warren Ache- District No. 1 and No. 2
- Bill Fugazzi- District No. 1 and No. 2
- Marijo Ache- District No. 2
- Pam Fugazzi- District No. 2
- David Coker – District No. 2

Also in attendance were:

- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Clint Waldron, White Bear Ankele Tanaka & Waldron (via phone)
- Harvey Williamson, Harvey J. Williamson, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

Call to Order

The Joint Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Chairman Fugazzi on October 27, 2014 at 10:08 a.m. noting a quorum was present.

Combined Meetings

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of both Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

Disclosure Matters

The Directors reviewed the agenda for the meeting, following which each Director confirmed the contents of any written disclosure previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Boards noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts. Additionally, the Boards determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Boards to act.

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- Public Input** No public comment was offered.
- Agenda** After consideration of the agenda, the board moved item A under Legal Matters: Foreclosure Status to be the first item to be addressed in consideration of the attorney's time. No other changes were made to the agenda.
- Legal Matters: Foreclosure Status**
- A. Mr. Williamson reported on the status of the foreclosure process. Foreclosure documents have been served and a request from defendant to extend time to respond is expected. Otherwise the process continues. After discussion, the Board instructed Mr. Williams to continue with foreclosure proceedings as expeditiously as possible.
- The board discussed foreclosure proceedings against delinquent individual owners and instructed Mr. Weaver to take the first steps toward foreclosure by pursuing collections according to the District's collections policy.
- Mr. Williams exited the meeting.
- Minutes** Upon motion duly made and seconded it was unanimously
- RESOLVED** to approve the September 16, 2014 minutes.
- Operations Matters**
- A. Road repairs: Contractor has finished road repairs and has done good work. Mr. Weaver will instruct Brian Wallin to release the second half payment.
- The board then discussed road damage and erosion near the Turf Care Center that will need to be addressed at a future date.
- B. Monument Survey: Results pending.
- C. Snowplowing: Upon a motion made and seconded, the board unanimously
- RESOLVED** to authorize Director Fugazzi to sign a snow removal contract with Seaborn Farm, LLC at substantially the same rate as last year's contract.

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Legal Matters: Other

- A. Update on Shutoff Notices: there have been no new shutoff notices or turn on requests.
- B. County Certification Notices on Delinquent Water & Sewer Fees: Hearing no input from owners facing shutoff, upon a motion made and duly seconded the board unanimously

RESOLVED to adopt the Resolution certifying certain delinquent water and sewer fees to Montrose and Ouray County Treasurers for collection.

- C. Annual Administration Resolutions: After discussion regarding meeting posting places and meeting dates the board instructed Mr. Weaver to have a metal post made for a permanent sign to be posted for District No. 1 and then, upon a motion duly made and seconded the board unanimously

RESOLVED to adopt the Annual Administration Resolutions for 2015.

- D. Insurance Renewal-Crime Coverage/Fidelity Bond/Designated Agent Endorsement: The agenda item was tabled until a future meeting.
- E. Executive Session: None.
- F. Other Legal: None

Financial Matters

- A. Update on 2010B Bonds / Letter of Credit: Mr. Waldron reported that District's bond counsel is to conference with Developer's counsel for consensus that the elimination of the letter of credit is not a default but is a Material Event.

Mr. Weaver reported that for the 2010A Series of bonds there will be a draw on the reserve fund for the December 1 debt service payment, as anticipated in the 214 budget.

- B. September 2014 Financial Statements: Mr. Weaver reported on the September financial statements. Upon motion duly made and seconded the board unanimously

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RESOLVED to accept the September 2014 preliminary financial statements.

- C. Public Hearing and Consideration of 2015 Budget: Mr. Weaver reviewed the proposed budget with the board. Mr. Weaver also proposed a decrease in Operations Fees in line with the Board's desire to maintain their good faith effort to keep fees reasonable. The Board instructed Mr. Weaver to incorporate the reduced fees in the budget along with preparation of a letter to constituents from the board highlighting the fee reduction. The Board discussed and instructed Mr. Weaver to make additional changes to specific budget line items. Mr. Weaver then stated the meeting had been published as the public hearing for the 2015 budgets and the public hearing for the 2015 budgets was opened. No public comment was offered and the hearing was closed. Upon motion duly made and seconded the board unanimously

RESOLVED to adopt the 2015 Budget of each District, subject to modifications noted above; and

FURTHER RESOLVED to approve the resolutions to appropriate funds for spending in 2015 of each District; and.

FURTHER RESOLVED to set the mill levy of District No. 2 at 40 mills for debt service and 70 mills for contractual obligations and to set the mill levy of District No. 1 at 0.

- D. Review and Consideration of the 2015 Fee Schedule: The 2015 fee scheduled was reviewed and discussed, including the reduction of fees referenced in paragraph C. above. Upon motion duly made and seconded the board unanimously

RESOLVED to approve the 2015 Fee Schedule, subject to the reductions discussed earlier in the meeting.

- E. Accounts Receivable: Mr. Weaver reviewed the accounts receivable report with the board.
- F. Accounts Payable: Mr. Weaver reviewed the accounts payable report. Upon motion duly made and seconded the board unanimously

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RESOLVED to approve the Accounts Payable Report.

G. 2014 Audit Engagement Letter: Mr. Weaver proposed using the same audit firm that performed last year's audits. Upon motion duly made and seconded the board unanimously

RESOLVED to approve the engagement of Chadwick, Steinkirchner, Davis and Co., PC pending receipt of an engagement letter for the same fee as last year's audits.

H. Other Financial Matters: None

**Other
Business**

Potential dates for future meeting in 2014 were discussed and the board set the following tentative meeting dates subject to cancellation or change:

November 17, 2014 at 10:00 am
December 15, 2014 at 10:00 am
January 22, 2015 at 10:00 am

Adjourn

Being no further business to conduct the board unanimously voted to adjourn the meeting.

Respectfully Submitted
/S/Rick Gonzales

Rick Gonzales
Secretary to the meeting